

Honeywell International Inc.
Consolidated Statement of Operations (Unaudited)
(Dollars in millions, except per share amounts)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Product sales	\$ 6,793	\$ 8,477	\$ 20,496	\$ 25,414
Service sales	2,293	2,285	6,717	6,659
Net sales	<u>9,086</u>	<u>10,762</u>	<u>27,213</u>	<u>32,073</u>
Costs, expenses and other				
Cost of products sold (1)	4,775	6,127	14,244	18,234
Cost of services sold (1)	1,263	1,429	3,767	4,127
	<u>6,038</u>	<u>7,556</u>	<u>18,011</u>	<u>22,361</u>
Selling, general and administrative expenses (1)	1,296	1,524	4,046	4,527
Other (income) expense	(311)	(275)	(901)	(859)
Interest and other financial charges	96	99	266	277
	<u>7,119</u>	<u>8,904</u>	<u>21,422</u>	<u>26,306</u>
Income before taxes	1,967	1,858	5,791	5,767
Tax expense (benefit)	319	(498)	1,151	679
Net income	<u>1,648</u>	<u>2,356</u>	<u>4,640</u>	<u>5,088</u>
Less: Net income attributable to the noncontrolling interest	24	18	59	44
Net income attributable to Honeywell	<u>\$ 1,624</u>	<u>\$ 2,338</u>	<u>\$ 4,581</u>	<u>\$ 5,044</u>
Earnings per share of common stock - basic	<u>\$ 2.26</u>	<u>\$ 3.15</u>	<u>\$ 6.33</u>	<u>\$ 6.76</u>
Earnings per share of common stock - assuming dilution	<u>\$ 2.23</u>	<u>\$ 3.11</u>	<u>\$ 6.25</u>	<u>\$ 6.67</u>
Weighted average number of shares outstanding - basic	<u>717.6</u>	<u>741.8</u>	<u>723.5</u>	<u>746.0</u>
Weighted average number of shares outstanding - assuming dilution	<u>726.7</u>	<u>752.0</u>	<u>732.8</u>	<u>756.0</u>

- (1) Cost of products and services sold and selling, general and administrative expenses include amounts for repositioning and other charges, the service cost component of pension and other postretirement (income) expense, and stock compensation expense.

Honeywell International Inc.
Segment Data (Unaudited)
(Dollars in millions)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Net Sales</u>				
Aerospace	\$ 3,544	\$ 4,030	\$ 10,393	\$ 12,065
Honeywell Building Technologies	1,415	2,517	4,254	7,496
Performance Materials and Technologies	2,670	2,640	7,977	7,872
Safety and Productivity Solutions	1,457	1,575	4,589	4,640
Total	<u>\$ 9,086</u>	<u>\$ 10,762</u>	<u>\$ 27,213</u>	<u>\$ 32,073</u>

Reconciliation of Segment Profit to Income Before Taxes

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Segment Profit</u>				
Aerospace	\$ 908	\$ 891	\$ 2,653	\$ 2,702
Honeywell Building Technologies	297	430	868	1,273
Performance Materials and Technologies	582	560	1,790	1,676
Safety and Productivity Solutions	195	262	598	760
Corporate	(54)	(53)	(202)	(181)
Total segment profit	1,928	2,090	5,707	6,230
Interest and other financial charges	(96)	(99)	(266)	(277)
Stock compensation expense (1)	(37)	(41)	(112)	(131)
Pension ongoing income (2)	150	247	449	745
Other postretirement income (2)	12	12	35	24
Repositioning and other charges (3,4)	(96)	(299)	(306)	(756)
Other (5)	106	(52)	284	(68)
Income before taxes	<u>\$ 1,967</u>	<u>\$ 1,858</u>	<u>\$ 5,791</u>	<u>\$ 5,767</u>

- (1) Amounts included in Selling, general and administrative expenses.
- (2) Amounts included in Cost of products and services sold and Selling, general and administrative expenses (service costs) and Other income/expense (non-service cost components).
- (3) Amounts included in Cost of products and services sold, Selling, general and administrative expenses, and Other income/expense.
- (4) Includes repositioning, asbestos, and environmental expenses.
- (5) Amounts include the other components of Other income/expense not included within other categories in this reconciliation. Equity income (loss) of affiliated companies is included in segment profit.

Honeywell International Inc.
Consolidated Balance Sheet (Unaudited)
(Dollars in millions)

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,908	\$ 9,287
Short-term investments	1,456	1,623
Accounts receivable - net	7,583	7,508
Inventories	4,601	4,326
Other current assets	1,640	1,618
Total current assets	<u>26,188</u>	<u>24,362</u>
Investments and long-term receivables	631	742
Property, plant and equipment - net	5,240	5,296
Goodwill	15,426	15,546
Other intangible assets - net	3,787	4,139
Insurance recoveries for asbestos related liabilities	412	437
Deferred income taxes	241	382
Other assets	8,179	6,869
Total assets	<u>\$ 60,104</u>	<u>\$ 57,773</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,522	\$ 5,607
Commercial paper and other short-term borrowings	3,422	3,586
Current maturities of long-term debt	4,088	2,872
Accrued liabilities	6,883	6,859
Total current liabilities	<u>19,915</u>	<u>18,924</u>
Long-term debt	11,101	9,756
Deferred income taxes	1,366	1,713
Postretirement benefit obligations other than pensions	329	344
Asbestos related liabilities	2,195	2,269
Other liabilities	6,885	6,402
Redeemable noncontrolling interest	7	7
Shareowners' equity	18,306	18,358
Total liabilities, redeemable noncontrolling interest and shareowners' equity	<u>\$ 60,104</u>	<u>\$ 57,773</u>

Honeywell International Inc.
Consolidated Statement of Cash Flows (Unaudited)
(Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Cash flows from operating activities:				
Net income	\$ 1,648	\$ 2,356	\$ 4,640	\$ 5,088
Less: Net income attributable to the noncontrolling interest	24	18	59	44
Net income attributable to Honeywell	1,624	2,338	4,581	5,044
Adjustments to reconcile net income attributable to Honeywell to net cash provided by operating activities:				
Depreciation	165	186	500	558
Amortization	98	100	319	304
Repositioning and other charges	96	299	306	756
Net payments for repositioning and other charges	(72)	(191)	(157)	(519)
Pension and other postretirement income	(162)	(259)	(484)	(769)
Pension and other postretirement benefit payments	(5)	(23)	(50)	(67)
Stock compensation expense	37	41	112	131
Deferred income taxes	(342)	(596)	(298)	(482)
Other	93	(241)	98	(163)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable	(176)	34	(78)	131
Inventories	(3)	(270)	(276)	(459)
Other current assets	171	182	(68)	356
Accounts payable	(81)	242	(89)	466
Accrued liabilities	28	36	(133)	(412)
Net cash provided by (used for) operating activities	1,471	1,878	4,283	4,875
Cash flows from investing activities:				
Expenditures for property, plant and equipment	(192)	(183)	(504)	(522)
Proceeds from disposals of property, plant and equipment	31	1	41	4
Increase in investments	(944)	(1,095)	(3,218)	(2,882)
Decrease in investments	1,155	1,126	3,318	4,634
Cash paid for acquisitions, net of cash acquired	(4)	(51)	(4)	(51)
Other	175	30	245	250
Net cash provided by (used for) investing activities	221	(172)	(122)	1,433
Cash flows from financing activities:				
Proceeds from issuance of commercial paper and other short-term borrowings	3,178	6,551	10,292	19,300
Payments of commercial paper and other short-term borrowings	(3,178)	(7,001)	(10,293)	(19,153)
Proceeds from issuance of common stock	47	115	425	242
Proceeds from issuance of long-term debt	2,696	21	2,725	26
Payments of long-term debt	(36)	(26)	(120)	(1,303)
Repurchases of common stock	(1,000)	(604)	(3,650)	(2,308)
Cash dividends paid	(595)	(553)	(1,798)	(1,669)
Pre-separation funding	—	1,604	—	1,604
Other	(40)	(23)	(72)	(141)
Net cash provided by (used for) financing activities	1,072	84	(2,491)	(3,402)
Effect of foreign exchange rate changes on cash and cash equivalents	(81)	(69)	(49)	(162)
Net increase (decrease) in cash and cash equivalents	2,683	1,721	1,621	2,744
Cash and cash equivalents at beginning of period	8,225	8,082	9,287	7,059
Cash and cash equivalents at end of period	<u>\$ 10,908</u>	<u>\$ 9,803</u>	<u>\$ 10,908</u>	<u>\$ 9,803</u>

Honeywell International Inc.
Reconciliation of Organic Sales % Change (Unaudited)

	Three Months Ended September 30, 2019
Honeywell	
Reported sales % change	(16)%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	(18)%
Organic sales % change	3%
Aerospace	
Reported sales % change	(12)%
Less: Foreign currency translation	—%
Less: Acquisitions, divestitures and other, net	(22)%
Organic sales % change	10%
Honeywell Building Technologies	
Reported sales % change	(44)%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	(46)%
Organic sales % change	3%
Performance Materials and Technologies	
Reported sales % change	1%
Less: Foreign currency translation	(2)%
Less: Acquisitions, divestitures and other, net	—%
Organic sales % change	3%
Safety and Productivity Solutions	
Reported sales % change	(7)%
Less: Foreign currency translation	(1)%
Less: Acquisitions, divestitures and other, net	2%
Organic sales % change	(8)%

We define organic sales percent as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of reported sales percent change to organic sales percent change has not been provided for forward-looking measures of organic sales percent change because management cannot reliably predict or estimate, without unreasonable effort, the fluctuations in global currency markets that impact foreign currency translation, nor is it reasonable for management to predict the timing, occurrence and impact of acquisition and divestiture transactions, all of which could significantly impact our reported sales percent change.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating IncomeMargins (Unaudited)

(Dollars in millions)

	Three Months Ended September 30,	
	2019	2018
Segment profit	\$ 1,928	\$ 2,090
Stock compensation expense (1)	(37)	(41)
Repositioning, Other (2,3)	(109)	(313)
Pension and other postretirement service costs (4)	(30)	(54)
Operating income	<u>\$ 1,752</u>	<u>\$ 1,682</u>
Segment profit	\$ 1,928	\$ 2,090
÷ Net sales	\$ 9,086	\$ 10,762
Segment profit margin %	<u>21.2%</u>	<u>19.4%</u>
Operating income	\$ 1,752	\$ 1,682
÷ Net sales	\$ 9,086	\$ 10,762
Operating income margin %	<u>19.3%</u>	<u>15.6%</u>

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(3) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.

(4) Included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Honeywell International Inc.

Reconciliation of Earnings per Share to Adjusted Earnings per Share and Adjusted Earnings per Share Excluding Spin-off Impact (Unaudited)

	Three Months Ended September 30,		Twelve Months Ended December 31,
	2019	2018	2018
Earnings per share of common stock - assuming dilution (1)	\$ 2.23	\$ 3.11	\$ 8.98
Pension mark-to-market expense (2)	—	—	0.04
Separation costs (3)	—	0.31	0.97
Impacts from U.S. Tax Reform	(0.15)	(1.39)	(1.98)
Adjusted earnings per share of common stock - assuming dilution	\$ 2.08	\$ 2.03	\$ 8.01
Less: EPS, attributable to spin-offs		0.13	0.62
Adjusted earnings per share of common stock - assuming dilution, excluding spin-off impact		\$ 1.90	\$ 7.39

(1) For the three months ended September 30, 2019 and 2018, adjusted earnings per share utilizes weighted average shares of approximately 726.7 million and 752.0 million. For the twelve months ended December 31, 2018, adjusted earnings per share utilizes weighted average shares of approximately 753.0 million.

(2) Pension mark-to-market expense uses a blended tax rate of 24% for 2018.

(3) For the three months ended September 30, 2018, separation costs of \$248 million (\$233 million net of tax) includes \$132 million of tax costs we incurred in the restructuring of the ownership of various legal entities in anticipation of the spin-off transactions ("frictional tax costs") and \$116 million (\$101 million net of tax) of other separation costs. For the twelve months ended December 31, 2018, separation costs of \$732 million including net tax impacts.

We believe adjusted earnings per share, excluding spin-off impact, is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. For forward looking information, management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets. We therefore do not include an estimate for the pension mark-to-market expense. Based on economic and industry conditions, future developments and other relevant factors, these assumptions are subject to change.

Honeywell International Inc.

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow and Calculation of Adjusted Free Cash Flow Conversion (Unaudited)
(Dollars in millions)

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018
Cash provided by operating activities	\$ 1,471	\$ 1,878
Expenditures for property, plant and equipment	(192)	(183)
Free cash flow	1,279	1,695
Separation cost payments	7	114
Adjusted free cash flow	<u>\$ 1,286</u>	<u>\$ 1,809</u>
Net income attributable to Honeywell	\$ 1,624	\$ 2,338
Separation costs, includes net tax impacts	—	233
Impacts from U.S. Tax Reform	(114)	(1,047)
Adjusted net income attributable to Honeywell	<u>\$ 1,510</u>	<u>\$ 1,524</u>
Cash provided by operating activities	\$ 1,471	\$ 1,878
÷ Net income (loss) attributable to Honeywell	\$ 1,624	\$ 2,338
Operating cash flow conversion	<u>91%</u>	<u>80%</u>
Adjusted free cash flow	\$ 1,286	\$ 1,809
÷ Adjusted net income attributable to Honeywell	\$ 1,510	\$ 1,524
Adjusted free cash flow conversion %	<u>85%</u>	<u>119%</u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.

Honeywell International Inc.

Reconciliation of Segment Profit to Operating Income and Calculation of Segment Profit and Operating Income
Margins (Unaudited)
(Dollars in millions)

	Twelve Months Ended December 31, 2019
Segment profit	\$ 8,190
Stock compensation expense (1)	(175)
Repositioning, Other (2,3)	(1,100)
Pension and other postretirement service costs (4)	<u>(210)</u>
Operating income	<u>\$ 6,705</u>
Segment profit	\$ 8,190
÷ Net sales	<u>\$ 41,802</u>
Segment profit margin %	<u>19.6%</u>
Operating income	\$ 6,705
÷ Net sales	<u>\$ 41,802</u>
Operating income margin %	<u>16.0%</u>

(1) Included in Selling, general and administrative expenses.

(2) Includes repositioning, asbestos, environmental expenses and equity income adjustment.

(3) Included in Cost of products and services sold, Selling, general and administrative expenses and Other income/expense.

(4) Included in Cost of products and services sold and Selling, general and administrative expenses.

We define segment profit as operating income, excluding stock compensation expense, pension and other postretirement service costs, and repositioning and other charges. We believe these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

A quantitative reconciliation of segment profit margin, on an overall Honeywell basis, to operating income margin has not been provided for all forward-looking measures of segment profit margin included herewithin, however, operating income margin is expected to be up 230 to 240 bps in 2019 full year, with the differences between segment profit margin and operating income margin driven by expected full year stock compensation expense, repositioning and other, and pension and other postretirement service costs. For forward looking information, a reconciliation of segment profit margin to operating income margin is not provided as management cannot reliably predict or estimate, without unreasonable effort, the apportionment of the amount attributable to the reconciling items between segment profit margin and operating income margin due to the uncertainty of each respective item.

Honeywell International Inc.
Calculation of Segment Profit Excluding Spin-off Impact and Segment Margin Excluding Spin-off Impact
(Dollars in millions)

	Twelve Months Ended December 31, 2018
Segment profit	\$ 8,190
Spin-off impact (1)	(1,011)
Segment profit excluding spin-off impact	<u>\$ 7,179</u>
Sales	\$ 41,802
Spin-off impact (1)	(6,551)
Sale excluding spin-off impact	<u>\$ 35,251</u>
Segment profit margin % excluding spin-off impact	<u>20.4%</u>

(1) Amount computed as the portion of Aerospace and Honeywell Building Technologies segment profit and sales in the applicable prior year period for Transportation Systems and Homes and Global Distribution spin-off businesses.

Honeywell International Inc.
Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow (Unaudited)

	<u>Twelve Months Ended December 31, 2019(E) (\$B)</u>
Cash provided by operating activities	~\$6.2 - \$6.5
Expenditures for property, plant and equipment	~(0.8)
Free cash flow	~5.4 - 5.7
Separation cost payments	~0.3
Adjusted free cash flow	<u>~\$5.7 - \$6.0</u>

We define free cash flow as cash provided by operating activities less cash expenditures for property, plant and equipment.

We believe that this metric is useful to investors and management as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock or repay debt obligations prior to their maturities. This metric can also be used to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity. For forward looking information, we do not provide cash flow conversion guidance on a GAAP basis as management cannot reliably predict or estimate, without unreasonable effort, the pension mark-to-market expense as it is dependent on macroeconomic factors, such as interest rates and the return generated on invested pension plan assets.